



State Board of Equalization

News Release

Betty T. Yee, Member

1st District – San Francisco

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Betty T. Yee Applauds New Online Sales Law

Comprehensive Legislation Provides New Tools for Tax Enforcement

Betty T. Yee, First District Member of the Board of Equalization (BOE), issued the following statement today applauding Governor Jerry Brown's action signing ABx1 28, comprehensive legislation to update California's law expanding "nexus" jurisdiction to out-of-state retailers making sales in California:

"The Legislature and Governor Brown took a major step this week to update California law in light of new technology by removing out-dated provisions and expanding the law to encompass maximum jurisdiction under the U.S. Constitution.

"This new legislation provides new tools for California to enforce its tax laws equally for local, store front businesses and remote online sellers. In addition to provisions related to "affiliate programs," the measure gives the Board of Equalization an opportunity to develop new rules to address the changing retail market place.

"Some may challenge these actions, as a tactic to delay efforts to level the playing field between online and local retailers. Specifically, there have been statements and actions made by Amazon.com and Overstock.com to sever ties with their California affiliates in their quest to continue to avoid state law. Actions to sever relationships with affiliates by Amazon.com will not change the fact that they still have nexus through the other provisions in the new law and will still need to collect sales tax. This is unfortunate and we call on them to do the right thing and work with the state of California to comply with the law."

"However, if Amazon.com and Overstock.com follow through with severing ties with their affiliates, other major retailers such as Sears, Barnes & Noble, Best Buy, and Walmart have all extended invitations for these affiliates to join their network programs. This will help to ensure affiliates here in California continue to prosper."

"As more states take action, online retailers will have fewer markets where they can evade state tax laws, and all businesses will be protected. This effort is essential to reform state laws to keep up with changing technology and maintain essential government services such as schools, public safety, and environmental protection."

“The enactment of this new law is an opportunity for national retailers who are not yet complying with California sales and use taxes to begin registering and reporting tax. I remain hopeful we can work cooperatively with these businesses to fairly enforce the law.”

Board Member Betty T. Yee was elected to her post in November 2006. She is the Immediate Past Chairwoman representing the First Equalization District. Her district includes many of California's coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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